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WORLD COTTON PROSPECTS

Summary

Although exports of American cotton have been slightly less than a year earlier in 4 of the first 6 months of the current season the total for the half year was still above the first half of 1931-32 and were the largest for a like period since 1928-29. Domestic mill consumption of American cotton has been above last season in 5 of the first 6 months of the season, so that for the half year domestic consumption has been 7 per cent above the corresponding period of last season and 14 per cent above that of August - January, 1930-31. Total disappearance of American cotton from the United States for the first half of the season therefore, has been 269,000 bales or 4 per cent above the similar period of last season, and 938,000 bales or 14 per cent above the first half of 1930-31. This in addition to a substantially smaller domestic crop accounts for the decrease of slightly more than 1,100,000 bales in the apparent supply of American cotton remaining in the United States on January 31, 1933 as compared with a year earlier, despite the fact that the carry-over in the United States at the beginning of the season was 3,300,000 bales larger than on August 1, 1931.

Foreign mill consumption was on the whole somewhat above a year earlier during the first few months of the season and considerably above the low point reached last summer. For the past few weeks, however, reports indicate that activity has shown a slightly downward trend, with sales running below production. In Europe particularly much larger quantities of American cotton have been used so far this season due both to increased activity and to the use of larger proportions of American. The exports

from the 1932-33 Indian crop which began a few weeks ago are running above last year and have resulted in a slightly less favorable price parity for American cotton in most markets. This may slightly decrease the proportion of American cotton consumed during the last half of the season but the relative amount of Indian cotton will still be small in comparison with previous years.

The present indications are that the Indian crop in 1932-33 will be between 400,000 and 600,000 bales above the previous season, which is a slightly smaller increase than was expected earlier in the season. Additional information which has recently been received pointing to a smaller foreign production than has previously been estimated includes material reductions in Brazil and in Anglo-Egyptian Sudan. An unofficial report indicates that the Brazilian crop may be 200,000 bales less than in 1931-32. On the basis of official and unofficial reports the Sudan crop seems likely to be 100,000 bales less than last year. These decreases, however, may be at least partially offset by increases in other crops. For the time being, therefore, the world production estimate is being continued at 24,000,000 bales of 478 pounds.

Prices

During most of January, spot prices of American cotton in the domestic markets were rather stable. From January 4 to January 25 the daily average of the 10 designated markets for Middling 7/8 inch cotton was slightly above 6.00 cents per pound except for 3 days. Toward the end of January, however, a rather substantial decline started and on February 1 and 2, the average in these markets was 5.69 cents. From that date to February 24 prices fluctuated at slightly higher levels and on several days averaged almost 6.00 cents. The average price in the 10 markets during January was 6.01 cents per pound compared with 5.72 cents in December and 6.15 cents in January 1932. The average price received by domestic producers in mid-January was 5.3 cents per pound

compared with 5.4 cents in December, and 5.6 cents in January last year and a 5-year pre-war average, August, 1909, to July, 1914, of 12.4 cents.

In Japan and China prices of American cotton relative to Indian are said to have become somewhat higher in recent weeks and some increase in the purchases of Indian cotton have been reported. The indications are however, that the purchases of Indian have been for low count yarns requiring poor quality cottons. In Japan the purchases were said to have been due largely to the need for particular types of Indian rather than to price advantages. The price parities still favor the use of American even though the parity is less favorable than it was a few weeks ago. At Bremen, Germany prices of American cotton at mid-January were considerably higher in relation to prices of Indian cotton than 1 and 2 months earlier, but were still relatively cheap in comparison with previous years. The tendency for Indian to weaken more than American reflects the movement to market of the new crop which is considerably larger than that of 1931-32.

Stocks and Movements

Apparent supply of American cotton in the United States

On February 1 there were apparently 14,524,000 bales of American cotton in the United States (including an estimated amount which remained to be ginned) compared with 15,658,000 bales at the same time last year and 11,708,000 bales on February 1, 1931. The figure for this year is based on the December production estimate of 12,727,000 bales which is much smaller than the estimate of production last season and largely explains why the apparent supply this season is smaller than a year ago, despite the fact that the carry-over in the United States at the beginning of the season was 3,322,000 bales larger than a year earlier. However, domestic consumption and exports were both slightly larger from August 1 to the end of January this season than during the like period in 1931-32.

Domestic exports

During January, exports of American cotton totaled 794,000 running bales which was 126,000 bales or 14 per cent less than in January last year but was the largest for the month with the exception of last year since 1927. This brought the total exports for the first half of the season to 5,040,000 bales, according to Bureau of the Census data. As compared with the like period of last season and the season before there was an increase of 2 and 13 per cent respectively. Not since 1928-29 have the exports during the first half of the season been equal to those from August to January this season.

Japan took 1,112,000 bales of our exports during the 6-month period this season, which is only 188,000 bales or 14 per cent less than the record amount taken in the same period last season. China on the other hand has taken only 165,000 bales so far this season compared with 785,000 bales from August to January last season or a decrease of 79 per

cent. Great Britain, Germany, France, Italy, and most other European countries continued to take larger quantities through January this season than a year earlier. For the period August to January, total exports to Europe amounted to 3,590,000 bales compared with 2,687,000 bales during the first half of 1931-32, an increase of 904,000 bales or 34 per cent. The marked increase to Europe reflects the higher rates of mill activity and consequently larger cotton consumption, a continued reduced level of foreign cotton (particularly Indian) which is being used, and perhaps some accumulation of stocks of American.

Exports of Egyptian and Indian cotton

From August 1 to February 16 total exports from India amounted to only 935,000 running bales (Indian bales of around 400 pounds), only slightly (19,000 bales) above the exports of the like period of 1931-32 and 949,000 bales or 50.4 per cent less than in the corresponding period of 1930-31, a season of more normal supplies of Indian. For the 5 weeks ended February 16,1933, however, exports of Indian cotton were much larger than during the like period of last season and only 22 per cent less than in the similar period of 1931, according to data from the Commercial and Financial Chronicle. The increase in exports during recent weeks reflects the movement of the new crop which usually reaches its peak in January, February, or March. With this season's crop in India 300,000 to 600,000 bales (of 478 pounds) larger than the 1931-32 crop it is to be expected that exports from India will be somewhat above the low levels of last season when exports for the season (August to July) were 52.7 per cent less than in 1930-31 and the smallest for any season since 1918-19. Indian cotton mills have been using record amounts of Indian cotton this season (from August to December) however, and should this continue for the remainder of the season, it would tend to hold exports to a low level.

In contrast to the increase in exports from the United States and India so far this season exports from Egypt have been lower than last season. From August 1 to February 15 total exports from Egypt amounted to 462,000 bales compared with 621,000 bales to the same date last year and 519,000 bales in the like period of 1930-31. The movement in recent weeks has been about the same relative to the 2 previous years as for the season as a whole, that is, considerably smaller than a year ago and somewhat smaller than 2 years earlier. The Egyptian exports have been about as might be expected since the crop this season is about one-third less than the 1931-32 production and the smallest for many years.

Textile Situation

United States

Domestic mill consumption showed a seasonal increase during January, with total consumption amounting to 471,000 running bales compared with 440,000 bales in December. The consumption in January this year was 8 per cent above January, 1932, and 5 per cent above January 2 years ago. For the first half of the season consumption totaled 2,811,000 bales compared with 2,626,000 bales during the first half of 1931-32 and

2,460,000 bales from August to January in 1930-31, an increase of 7 and 14 per cent respectively.

Unfortunately the Association of Cotton Textile Merchants of New York has suspended for an indefinite period its monthly statements relating to production, billings, and sales of carded cotton cloth. For this reason it is impossible to say definitely what happened in this phase of the domestic industry during January. Trade statements, however, indicate that sales of cotton textiles were below production during the month. In December the Association's report showed that sales were 10 per cent above production, so that for the 2 months sales were perhaps about equal to output.

Great Britain

Reports from Manchester and Liverpool indicate that during recent weeks sales of cotton textiles have been running below current production. Should this continue, mill activity would of course be decreased. Activity, however, apparently increased during December, and in December was larger than in either December, 1931, or 1930. The January export movement of cotton piece goods from Great Britain showed some increase over December and was 10 per cent larger than in January a year ago and 27 per cent larger than in January, 1931. This apparently reflects increased sales made earlier in the season. During the first half of the season, total exports of piece goods from Great Britain amounted to 1,049,000,000 square yards, an increase of 20 per cent over the 871,300,000 square yards exported from August to January last season and also about 20 per cent over the like period of 1930-31.

Deliveries of American cotton to spinners during January averaged about 34,000 bales per week, an increase of about 4,000 bales per week over December or January, 1932 in both of which periods takings were about 30,000 bales per week, according to data from the Liverpool Cotton Association. From August 1 to the end of January, forwardings of American cotton totaled about 670,000 bales compared with 610,000 bales during the like period last season.

India

Cotton mills in India have continued very active this season as was the case in 1931-32 and 1930-31. From August through December this season mill consumption in India totaled 1,047,000 Indian bales of 400 pounds (876,000 bales of 478 pounds) compared with 988,000 bales (827,000 bales of 478 pounds) during the like period last season and 904,000 bales (756,000 bales of 478 pounds) during August to December 193[illegible]-31. This was the largest consumption on record for this period. In December consumption in India totaled about 216,000 Indian bales, compared with 213,000 bales in November and 218,000 bales in December, 1931. With the present official estimate of the Indian crop placed at only slightly above the small crop of 1931, and domestic mill requirements at record levels, the amount of cotton for export will again be small this season.

Japan 1/

Yarn production increased to 247,000 bales of 400 pounds during January, which was 17,000 bales or 7 per cent above January

1/ Based largely on a radiogram from Shanghai, China at the end of January and the end of February prepared from a report by Consul Donovan at Kobe, Japan.

last year, 23 per cent above January, 1931, and the largest on record for the month. For the first half of the season total yarn production amounted to about 1,421,000 bales, an increase of 5 per cent over the like period last season and 19 per cent above the first half of 1930-31. Despite the large yarn production, there has been a shortage of yarn for near delivery and considerable quantities of Chinese yarn have been imported in recent months. This situation resulted from the large export sales of piece goods which has been due to the low exchange rate of Japanese currency. In December, exports of Japanese piece goods reached a record level as did piece goods production. The 211,000,000 square yards of cotton cloth (piece goods) exported in December was more than twice as large as in December, 1931, and 64 per cent larger than in December, 1930, but in January there was a slump, exports declining to 153,000,000 square yards. This, however, was still the largest on record for the month of January. During the first 6 months of this season total exports of cotton piece goods from Japan amounted to 1,174,000,000 square yards compared with 664,000,000 square yards during the corresponding period last season or an increase of 77 per cent. This was by far the largest amount ever exported in any 6-months period in the history of Japan. In late January prices of yarn in Japan were such as to make yarn importing unprofitable, and by February 22 yarn prices had declined to such levels that spinners were said to be making no profits. Prior to January considerable quantities of yarn from China was imported in previous months despite the high rate of production in Japan.

The reduced export demand for piece goods and the uncertainty among cotton importers as to the course of the yen are said to have caused dullness in the cotton market during January and February. Japanese mills bought considerable quantities of Indian cotton during this period due to the need for particular types of Indian to use in their mixtures but not to price advantages, for price parities continued to favor American. Japan has also been importing larger amounts of Chinese cotton although the quantity was still relatively small.

China 1/

Due to the short Chinese and Indian crops in 1931-32 and the record supplies of American cotton the situation was very favorable to the use of American in most foreign countries, but particularly in the Orient. These conditions resulted in the consumption of 883,000 bales of American cotton in China during 1931-32 compared with only 362,000 in 1930-31 and an average of about 300,000 bales during the 5 preceding years. The increase of 144 per cent in China's consumption of American from 1930-31 to 1931-32 took place even though total mill activity (as measured by total cotton consumption) declined slightly. In view of the increased production in China and India it has been felt that the rate of consumption of American would decline as soon as substantial quantities of these cottons became available. The report of the Chinese Cotton Mill Owners' Association giving consumption in China for the last half of 1932 shows that while consumption of American cotton for the 6-month period averaged slightly larger than in the previous half-

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1/ Based largely on a special report prepared by Agricultural Commissioner Owen L. Dawson at Shanghai on January 21 and received at mid-February, supplemented by a radiogram on February 17.

year, the rate per month recently has no doubt declined considerably from the high point reached last spring or summer. The Association reported that consumption of American cotton from July to December, 1932 totaled 457,000 bales of 500 pounds, compared with 451,000 bales the previous 6 months, a monthly average of about 75,000 bales during both periods. However, there is no doubt that consumption of American was very low in February and March last year due to the military activities around Shanghai at that time. The Japanese-owned mills in Shanghai were completely idle for 2 or 3 months, and for a time only a small portion of the spindles in the Chinese-owned mills in Shanghai were active. It is not surprising, therefore, that members of the cotton trade in Shanghai have estimated that in February last year China's consumption of American cotton was only around 30,000 bales with consumption in March less than 50,000 bales. Consumption in April was still low because the Japanese mills in Shanghai which are very important consumers of American cotton, remained inactive throughout most of that month. In May and June, therefore, consumption of American must have been around 100,000 bales per month. Trade estimates have indicated that since that time the quantities of American being used have been declining but the report of the Chinese Mill Owners indicates that the extent of the decline has been considerably less than members of the cotton trade had estimated.

If we accept the Association's estimate of the consumption of American cotton for the period July to December of 457,000 bales as correct (an examination of the stocks and import data indicate that it is somewhat too high) there is little doubt that China's consumption of American during 1932-33 season will equal or exceed 600,000 bales unless an unusual development takes place. This would require an average monthly consumption of only 25,000 bales for the 6 months January to June, 1933, which is only about the average for the five seasons 1926-27 to 1930-31 when the supplies of other cottons were such as to make the price parities less favorable to the use of American than they are at present. The conflict between Japan and China, however, gives the situation an element of uncertainty, since the Japanese owned mills in China represent more than one-third of the total spindles in China and consume more than a proportionate share of American cotton.

Consumption of Chinese cotton in China during the last half of 1932 was reported by the Mill Owners' Association at 790,000 bales compared with 476,000 bales the previous period and 466,000 bales from July to December, 1931. With the exception of the first half of 1928 this was the largest amount of home-grown cotton ever consumed by Chinese mills during a 6-month period. Consumption of Indian cotton on the other hand was the smallest since records became available in 1921-22. Total consumption of all cotton was reported at 1,348,000 bales, 29 per cent above the previous 6 months and is the largest on record. On the basis of the short supplies of Chinese cotton and the reports received monthly stating that the mill activity has been running below capacity or normal, it seems that the Chinese Mill Owners' estimate of the amount of Chinese cotton consumed as well as the amount of all cotton consumed may be too high. However, these are the best data available and are generally accepted as reliable.

Continental Europe 1/

The improvement in the continental European cotton situation apparent during the fall and early winter months of 1932, was fairly well maintained during January. Some signs of recession have been evident in central Europe, but western Europe and Italy continue to report active new business and maintenance of increased mill activity. The failure of central Europe to fit into the picture of continued improvement with western Europe, is mainly due to the fact that the expected increase in consumer buying has not as yet materialized.

New orders booked by cotton spinners and weavers during the month of January have shown a certain decline in Germany and adjoining countries. France and other western European countries, as well as Italy, on the other hand, continued to report a fairly satisfactory volume of new business in cotton yarn and cotton cloth. Spinner and weaver margins throughout the Continent remained small, however, and export business was generally complained of as not coming up to earlier expectations. As a result, mill activity, which follows quite closely the movement of new sales because of the relatively low stocks of cotton yarn and cotton goods in trade hands, has declined somewhat in central Europe, but maintained the improved levels previously reached in western Europe and Italy.

Spinner buying of raw cotton during the month of January was generally quiet on the whole, though fairly well supported by the stable tendency of raw cotton prices. C.i.f. import trading of merchants was also quiet, and price fixing limited. Some speculative buying of futures was stimulated by rising security and grain markets at the beginning of the month, but the second half was characterized by a certain amount of liquidation.

Recent statements in the continental press indicate that the present winter goods season is not coming up to expectations, but that the volume of goods being sold is generally better than last year.

Germany

The German cotton spinner's report for the month of December indicated that most spinning centers in Germany reported reduced sales as compared with previous months. As a result, the tendency of mill activity toward the end of December was slightly downward. The German cotton weavers' report for December likewise indicated that the active trade experienced in previous months was not being maintained, but that the volume of unfilled orders on hand was still satisfactory, and that mill activity was being held at fairly high levels.

Detailed information is not yet available for January 1933, but press reports seem to indicate that new sales of cotton yarn and cloth have been on a somewhat reduced level. It has been repeatedly stated in the press that British competition, which formerly extended mainly to the field of fine counts, has now begun to affect the medium counts of yarn as well. Prices are generally complained of as leaving insufficient margins for the industry. Mill activity

1/ Based largely on a report prepared by Agricultural Attache' L. V. Steere at Berlin, Germany, dated February 8, 1933, supplemented by cable about mid-February.

also seems to have continued the declining tendency reported for the second half of December, though southern and western Germany have been in a considerably better position than Saxony. It is claimed that unless a revival of consumer buying develops, there are rather limited possibilities for any further improvement in wholesale buying and cotton mill activity in Germany, at least in the near future.

Spinner buying at Bremen during January was limited mainly to immediate needs; C.i.f. import trading likewise remained small, and price-fixing quiet.

The recently issued annual report of the German weaving industry shows that the year 1952 further increased the dependence of the industry on the home market, as a result of the increased difficulties encountered in foreign trade. Ninety per cent of the yearly production of the German cotton weaving establishments now remains within the country, and only 10 per cent is exported.

Czechoslovakia

Czechoslovakian reports indicate that developments in the cotton textile situation have been rather unsatisfactory during January, and that a real improvement cannot be expected before at least some of the many foreign import restrictions affecting Czechoslovakian exports of cotton goods are removed.

The import restrictions, which have been established by southeastern European countries, including Austria, are especially detrimental to the Czechoslovakian cotton industry because of its considerable dependence on exports to these countries. In a recent meeting of the Czechoslovakian Cotton Associations it was indicated, for example, that the import contingents which Turkey has granted Czechoslovakia - for 3 months only - amount to but one-quarter of the cotton fabrics previously exported to that country. The Austrian currency restrictions permit only about 20 per cent of the previous imports in terms of value, and trade with Yugoslavia is similarily difficult. The results of the compensation agreement in effect with Hungary for several months have also been unsatisfactory. In addition, further restriction of exports is now being experienced in business with Holland and France, Holland permitting a contingent of only 45 per cent of the previous year's values. The French import contingent for Czechoslovakian cotton goods is also claimed to be rather small.

The establishment of a cotton spinners' price-cartel in Czechoslovakia in September has forced the cotton weavers into negotiations with the spinners for a uniform price policy in both sections of the industry. The weaving mills are trying to obtain certain guarantees against excessive prices for cotton yarn, which, they claim, have already reduced their competitive strength in foreign markets. It is not yet known what the results of these negotiations are likely to be..

Austria

Conditions in the Austrian cotton industry remained depressed during the month of January. Sales in both the home and foreign markets were unsatisfactory, and mill activity continued greatly below the normal rate of occupation. Rumors appeared that cotton spinners will try to bring about a further restriction of production in an "organized" manner. Toward

the end of January, however, somewhat more optimism developed as a result of slightly increased bookings for the spinning mills and in expectation of a certain stimulation of cotton yarn exports through the new treaty concluded with Hungary. Exports in other directions, however, continue to promise little improvement. In markets such as Yugoslavia the Austrian industry is handicapped by severe competition from Italy and Czechoslovakia, and exports to Rumania are made extremely difficult by the rigorous currency restrictions in effect there.

A new feature in the Austrian cotton situation has recently been the complaint of the cotton cloth mills that excessive imports of rayon fabrics at low prices are resulting in severe competition for the makers of cotton fabrics.

France

Continuation of the relatively favorable situation recently prevailing in the French cotton spinning and weaving industries has been indicated in reports for the month of January. Conditions have been particularly encouraging in the East and in Alsace, although a certain slackening in sales activity has been noted in the North.

Both spinners and weavers in the important textile centers of France have orders on hand which will occupy them for several months ahead at fairly active rates. Some weavers are even unable to accept new orders for delivery earlier than toward the end of the second quarter of 1938, and a good flow of new business is being reported from the weaving sections of Normandy. The only ground for complaint seems to be the unsatisfactory inquiry from outside the home market, as, excepting for a certain revival in sales to North Africa, little export business has recently been booked.

January spinner buying of raw cotton was of fair volume, with price-fixing occasionally important. A favorable factor in the French cotton situation has been, among others, the settlement of labor disputes without serious difficulties and, for the most part, without reductions in wages.

Italy

The situation of the cotton industry in Italy has been further consolidated during the month of January, with a small but nevertheless significant improvement over the previous 2 months. Mill sales of cotton yarn and cotton cloth were large throughout January, exceeding by a considerable margin the volume of mill output. As a result, the decline in cotton yarn and cloth stocks previously reported continued, and unfilled orders rose considerably, reaching a level above that reported for the same time last year. Mill activity, on the other hand, was increased very conservatively in keeping with the policy of the Italian cotton industry in the entire past year, during which it has observed great caution and avoided any accumulation of stocks.

As a result of the favorable tendencies in the Italian cotton industry, spinner demand for raw cotton remained fairly active during January, particularly toward the end of the month. Interest centered around American and Egyptian cotton for March - June shipment.

The only objects of complaint in the Italian situation during January, as in France, were the poor export demand for Italian cotton cloth, and the rather poor margins for both spinners and weavers.

Poland

Unfavorable reports on the cotton situation have recently been received from Poland, where both spinners and clothmakers were finding new business more difficult to secure. Retail trade during December did not show any improvement, and the industry is handicapped by rather large stocks of both yarn and cloth.

Beginning with January 1, 1933, the most favored nation duty on raw cotton of 1 zloty per 100 kilograms (.005 cents per pound) is granted only to imports via the Polish ports, whereas imports across the land frontiers must pay 6 zlotys or .030 cents per pound. This means virtual exclusion of cotton imports except through Gdynia, and Polish buying from Bremen will be definitely discontinued.

Recent press information indicates that the Lodz cotton industry is negotiating with Russian authorities in regard to the delivery of Polish cotton fabrics in exchange for Russian raw cotton to be placed at the disposal of Lodz spinners. It appears that these plans have some chance of being brought to a conclusion. The Polish cotton industry was accustomed to the use of Russian cotton prior to the war, and Russia would seem to have much to gain by such an arrangement. It would make available large quantities of finished fabrics, which they themselves are now handicapped in producing through a lack of plant capacity.

Russia

A marked modification in the plan for expansion of cotton textile output in Russia is indicated in the latest reports available. The planned output of finished cotton cloth in Russia in 1933 is now placed at 2,750,000,000 meters, (3,007,000,000 yards) as compared with the planned output of 3,061,000,000 meters (3,348,000,000 yards) for 1932. Preliminary figures for 1932 production of cotton textile fabrics indicate an actual output of approximately 2,400,000,000 meters or 2,625,000,000 yards. The new plan, therefore, calls for an increase of about 15 per cent instead of 28 per cent. The 1932 production as now indicated was apparently about 7 per cent above that of 1931. There are, however, conflicting reports as to the 1931 production.

Production, Acreage, and Crop Conditions

United States

The next official report on the 1932-33 domestic cotton crop will be the semi-final ginnings report released about March 20, which will include an estimated amount for any of the crop which may still remain to be ginned. This report, released by the Bureau of the Census, will give the ginnings both in running bales and equivalent bales of 500 pounds gross or 478 pounds net. The final ginnings report will be released about April 17. The last ginning report released January 23 showed that prior to January 16, there had been 12,418,000 running bales of cotton ginned from the crop of 1932 compared with ginnings to the same date last year of 15,996,000 bales. During the past 5 years ginnings to January 16 have averaged 98 per cent of the total ginnings and have ranged between 97 and 99 per cent of the total.
Quality of the 1932 crop - The 1932 crop was considerably lower in grade but not greatly different in staple length on the average from the 1931 crop, according to the report of the Bureau released February 10 giving

the grade and staple of the cotton ginned up to the 16th of January.

Of the American upland cotton ginned up to January 16 this year, about 27 per cent was white strict middling and better, compared with 42 per cent for the same period in 1951-52. The proportion of the innings shorter than 7/8 inch in staple length was practically the same as last season, but there were slightly larger proportions of 15/16 inch, 1-1/16 inch, and 1-1/8 inch and somewhat smaller proportions of 7/8 inch, 1 inch, and 1-3/16 inch and larger.

India

The official Indian cotton crop estimate released February 20 places the crop at 3,703,000 bales of 478 pounds compared with a revised figure of 3,421,000 bales for the corresponding period last year, and the December estimate of 3,542,000 bales for the present crop. Although the present estimate is 161,000 bales above the December estimate, it still points to a small crop. The area is estimated at 22,350,000 acres, a decrease of 5 per cent from last year. The Bombay cotton trade considers the official estimate to be between 300,000 and 400,000 bales too low. Figures for previous years show that revised estimates as of this date tend to be below the final crop figures. In the last few years the difference has been within 100,000 to 150,000 bales. The original (unrevised) estimates as of this date vary erratically when compared with the final revised crop figures. In view of the previous tendencies of these crop estimates, and present trade opinion, it seems probable that the final crop figure will be around 3,800,000 bales to 4,000,000 bales of 478 pounds. This would still be a small crop in comparison with the years prior to 1931. Such figure for the present year would be substantially in line with the previous conclusion of this Bureau.

Although the tendency appears to be for the official estimates to be increased, trade estimates are being lowered so that the two are approaching closer agreement. At one time the members of the cotton trade in Bombay were estimating that the crop would be between 4,200,000 and 4,600,000 bales with some feeling that the crop might exceed the larger figure. In view of the prospective decrease in acreage and past yields this Bureau at first adopted 4,200,000 bales as a preliminary figure. This figure was reduced to 4,000,000 in December when the first production estimate of the Indian Government became available and indicated that yields were below average. The first official estimate was for a crop of 3,542,000 bales, but the latest estimate is for a crop of 3,703,000 bales.

China 1/

The Chinese cotton crop is still being estimated at about 2,300,000 bales of 478 pounds as compared with a crop of something like 1,700,000 bales in 1931-32 and about 2,250,000 bales in 1930-31. It is recognized that to make an accurate estimate of the total amount of cotton produced in China is almost impossible. Considerable quantities are produced in the interior which never enter commercial channels and in districts where there is little communication with the outside world. For a number of years, however, the Chinese Cotton Mill Owners' Association has been estimating production in about 11 or 12 of the principal cotton producing provinces, particularly those which produce the commercial crop and where at least

1/ Based largely on information furnished by Agricultural Commissioner Dawson of Shanghai.

some information on the crop can be obtained. Although the estimates of this Association are considerably larger than the mill consumption plus exports (the commercial crop) they are probably materially below the total agricultural crop. It is impossible to say how much cotton is used for home consumption in the form of paddling garments, home spinning, or other uses. Some investigations indicate that the total agricultural cotton crop averages more than 4,500,000 bales, whereas the amount moving into commercial channels averages less than 2,000,000 bales, indicating that more than 2,500,000 bales may be used for home consumption. At best, however, the estimate of the total crop is only a rough approximation. Without placing too much confidence in the absolute accuracy of the Chinese Mill Owners' estimates, it is felt that they probably reflect changes in the commercial supplies from year to year. Prior to 1930-31 the Association's estimates were accepted as reported, but since then, the Association has included a larger area in its reports and the estimates are not exactly comparable with the estimates for earlier years. This Bureau has, therefore, adjusted these estimates in recent years for comparability and in some instances made further adjustments in view of additional information obtained by representatives of the Bureau in China.

As stated above, last summer the Chinese Mill Owners' Association forecasted a production of slightly more than 3,000,000 bales which was adjusted by this Bureau to 2,500,000 bales. They later revised their estimate to 2,350,000 bales or essentially the same as the figure of 2,300,000 bales now being carried by this Bureau.

Egypt

Ginnings of Egyptian cotton from the 1932-33 crop prior to February 1 totaled 795,000 bales of 478 pounds net (excluding scarto) compared with ginnings of 1,003,000 bales to the same date last year or a decrease of 21 per cent. The crop on the other hand is estimated at 32 per cent below the 1931-32 crop. During the past few years ginnings to the first of February have averaged about 76 per cent of the total crop. This year the ginnings through January are equal to 91 per cent of the estimated production, indicating that either the ginnings are running ahead of usual or that the estimate of production is too low. Earlier in the season the opinion among the members of the cotton trade in Alexandria was that the Government estimate was too low. No recent comments have been received. With a considerably smaller crop to harvest and gin this season than usual, it is possible that these operations may be running ahead of normal as measured on the basis of the percentage of the total crop.

Ginnings of Sakellaridis cotton up to February amounted to 189,000 bales which was only 2 per cent less than ginnings to the same date last season while estimated production of Sakellaridis is about 18 per cent less than in 1931-32. Ginnings of Egyptian cotton other than Sakellaridis totaled 606,000 bales up to the end of January compared with 811,000 bales last season or a decrease of 25 per cent. The production of these varieties is estimated at about 36 per cent less than in 1931-32.

Acreage in 1933-34 - As pointed out last month the prospects are that cotton acreage in Egypt will be larger in 1933 than in 1932. A recent report from P. K. Norris, Cotton Specialist at Cairo, Egypt confirms this statement and explains that Egyptian farmers are discouraged with the attempt to grow cereals as cash crops. Due to the declining prices of cotton, the

advice given then by the Government, and the cotton acreage restriction laws, large acreages of corn, wheat, beans, and rice were planted in 1931 and 1932. However, when the time came to sell these crops it was found that the cash returns were less than those for cotton. The report states that many farmers and landowners are of the opinion that in spite of the low cotton prices, cotton is still the most profitable crop. Another factor which may be of importance in increasing cotton acreage is the change in the crop rotation systems which is expected to take place on at least some of the farms. The practice of a 3- and 4-year rotation which meant that only one third or one fourth of the land was planted to cotton each year has been followed pretty generally in Egypt in the past, according to Mr. Norris. This year, however, it is expected that many farmers are going to follow a 2-year rotation which means they will plant one half their land to cotton.

Soviet Russia

An outstanding feature of the 1933 Russian cotton plan is the abandonment of efforts towards a further large expansion in the acreage, as was stated last month. The 1933 plan provides for total plantings of 2,067,000 hectares or 5,100,000 acres, which means a reduction of 12 per cent compared with the area of 5,800,000 acres previously reported as planted in 1932. These figures point to the probability that the 1932 acreage was smaller than hitherto reported, and that a downward revision in the estimate of the planted acreage will eventually be made.

The total planned output of unginned Russian cotton in 1933 is 1,430,000 tons, or 2,050,000 to 2,175,000 bales (of 478 pounds) of ginned cotton, depending upon the ginning yield assumed. According to the Chairman of the State Planning Committee (Gosplan) in his report to the Executive Committee, the plan provides for an increase of 5.5 per cent in production over the output in 1932. On the basis of these calculations, it appears that the 1932 crop is now assumed to have amounted to about 1,950,000 to 2,050,000 bales (depending upon the ginning yield or percentage of lint) compared with 2,100,000 bales mentioned by the Soviet press, and 1,900,000 to 2,000,000 bale as estimated by this Bureau in September.

Mexico

The following statement which is based on an excerpt from (Review of Commerce and Industries, Year of 1932, American Consulate Mexicale, B. C., Mexico) 1/ will be of interest in connection with the prospective cotton acreage in Mexico in 1933.

Cotton is the principal money crop of the district and in the past has averaged approximately 70,000 bales per year. However, owing to the very low prices in 1931 and early 1932, the Territorial Government decided to assist the unemployed in planting a cotton crop since it was doubtful whether a crop would be planted otherwise. A contract was, therefore, entered into with two American concerns and arrangements made for the planting of something like 27,000 acres in the spring of 1932.

The land, implements, and mules were furnished by one company, and the other one financed the operations in part by furnishing the water, seed, and hay for the mules. The local Government furnished the labor, paid

1/ Submitted by Consul Howard A. Norman on January 20, 1933.

for the picking and gave each laborer a credit of one peso (about 30 cents at the current exchange rate) per day at Government commissary stores. The financing company had the first lien on the proceeds of the cotton to cover the money advanced. The land company received 30 per cent of the net proceeds in payment for the use of the land, implements, and mules.

The cooperative system resulted in a crop of approximately 12,000 bales (size not stated, probably running bales) which was sold to Mexican mills at an average of slightly more than 8.00 cents per pound. The project was considered satisfactory by the American concerns and a new contract similar to the one for last year has been made for 1933 and provides for the cultivation of about 40,000 acres.

Brazil

A recent trade report indicates that the 1932-33 Brazilian cotton crop may be 200,000 bales less than in 1931-32. This report it is said was based upon an official report of the Brazilian Government which placed the crop of that country much lower than was previously expected. The official estimate has not as yet been received by this Bureau.

Anglo-Egyptian Sudan

An official estimate of the Sudan Government released on January 23 places the 1932-33 production in the Sudan excluding the Gezira at 36,000 bales of 478 pounds, according to a report received from Cotton Specialist P. K. Norris at Cairo, Egypt. According to his report the Government apparently does not intend to issue reports on the Gezira this year. Unofficial reports state that the Gezira crop is one of the poorest on record and Mr. Norris states that the total Gezira crop may be less than 300,000 kantars (62,000 bales of 478 pounds). Should these two estimates prove correct the total Sudan crop would be around 100,000 bales as compared with an official estimate for 1931-32 of 206,000 bales.

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